



Senate Bill No. 702

Public Act No. 06-83

AN ACT CONCERNING JOBS FOR THE TWENTY-FIRST CENTURY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective July 1, 2006*) (a) The Board of Trustees of The University of Connecticut shall develop a program to facilitate the recruitment of eminent faculty and their research staffs to the university. Such program shall support economic development in the state and promote core competency areas by accelerating the pace of applied research and development. Such program shall supplement the compensation of such faculty and related costs of personnel and materials needed to secure such faculty for the university. Eligibility shall be limited to scientists who have demonstrated excellence in their field of research and have an interest in working collaboratively with other scientists at the university and an interest in commercialization of their research.

(b) No funds shall be expended under this section unless there are matching funds from industry or other sources available for such purposes identified in subsection (a) of this section.

Sec. 2. (NEW) (*Effective July 1, 2006*) The University of Connecticut shall establish a Center for Entrepreneurship. The purpose of the

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center shall be to train the next generation of entrepreneurs in an experiential manner that would assist businesses in the state today. This center shall (1) develop an entrepreneurial program that trains faculty and student inventors in commercialization and business issues and that generates business opportunities; (2) expand the accelerator program of the school of business to provide innovation services to technology-based companies using a proven model of faculty and students working with companies on real time solutions to the company's business problems; and (3) establish an intellectual property law clinic, in conjunction with the law school. The accelerator program and the law clinic shall be located with the Connecticut Center for Advanced Technology in the Hartford area to leverage resources.

Sec. 3. Section 32-34 of the general statutes is amended by adding subdivisions (18) to (22), inclusive, as follows (*Effective July 1, 2006*):

(NEW) (18) "Preseed financing" means financial aid provided for research and formulation of a concept;

(NEW) (19) "Seed financing" means financial aid to an inventor or entrepreneur to assess the viability of a concept and to qualify for start-up financing to fund, including, but not limited to, product development, market research, management team building and, pending successful progress on such initial steps, business plan development;

(NEW) (20) "Start-up financing" means financial aid to companies in the process of organizing as a business or that have been in operation for less than one year and (A) have completed product development and initial marketing but have not sold such product commercially, and (B) have established viability by performing market studies, assembling key management, developing a business plan or demonstrating viability by other means deemed appropriate by the

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grantor;

(NEW) (21) "Early or first-stage financing" means financial aid to companies that have expended initial capital, developed and market-tested prototypes, and demonstrate that such funds are necessary to initiate full-scale manufacturing and sales;

(NEW) (22) "Expansion financing" means financial aid to companies for market expansion or to enhance the fiscal position of a company in preceding a liquidity event including, but not limited to, an initial public offering or acquisition.

Sec. 4. (NEW) (*Effective July 1, 2006*) (a) There is established an early-stage venture capital program to be administered by Connecticut Innovations, Incorporated, to provide preseed financing, seed financing, start-up financing, early or first-stage financing and expansion financing to companies in the state.

(b) In support of the program established in subsection (a) of this section, the corporation shall establish criteria for awarding such financing and shall develop and implement a plan to market the program.

(c) The board of the corporation shall review and approve each application for such financing.

(d) Funds provided for this section shall be allocated as follows: (1) Not less than five per cent for preseed financing; (2) not less than ten per cent for seed financing; (3) not less than ten per cent for start-up financing; (4) not less than fifteen per cent for early or first stage financing; and (5) not less than forty per cent and not more than sixty per cent on expansion financing, as such terms are defined in section 32-34 of the general statutes, as amended by this act. The corporation shall use not more than three per cent of such funds for administration and marketing of such financial aid.

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(e) The corporation shall adopt procedures, pursuant to section 1-121 of the general statutes, to implement the provisions of this section.

Sec. 5. (NEW) (*Effective July 1, 2006*) (a) For purposes of this section, "incubator facilities" shall have the same meaning as incubator facilities in section 32-34 of the general statutes, as amended by this act.

(b) The Commissioner of Economic and Community Development shall establish the small business incubator program to provide grants to entities operating incubator facilities, as defined in section 32-34 of the general statutes, as amended by this act. Such grants shall be used by such entities to provide operating funds and related services, including business plan preparation, assistance in acquiring financing and management counseling.

(c) An entity shall submit an application for a grant pursuant to this section to the commissioner, at such time and in such manner as the commissioner shall prescribe in regulations adopted pursuant to subsection (d) of this section.

(d) The commissioner shall adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to implement the small business incubator program established pursuant to this section. Such regulations shall include (1) a description of entities eligible for grants under such program, (2) a description of allowable expenditures for such grants, (3) definitions of small businesses eligible for support pursuant to such program, (4) directions regarding the form and content of the application to be submitted by entities seeking grants, (5) schedules for the awarding of grants, (6) standards indicating the bases upon which grants shall be awarded, including (A) priorities, if any, for small business incubator programs that provide certain support services, (B) criteria relating to the background, experience and services offered by the entity seeking a grant, and (C) any limitations on the amount of grant any one entity may receive in one

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funding cycle, and (7) such other provisions that the commissioner may find necessary for the implementation of such program.

(e) There is established an account to be known as the small business incubator account, which shall be a separate, nonlapsing account within the General Fund. The account shall contain all moneys required by law to be deposited in the account and shall be held separate and apart from all other money, funds and accounts. Investment earnings from any moneys in the account shall be credited to the account and shall become part of the assets of the account. Any balance remaining in the account at the end of any fiscal year shall not lapse and shall be available for use for the fiscal year next succeeding. The commissioner may use funds from the account to provide grants pursuant to this section.

Sec. 6. Section 32-344 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2006*):

As used in this section and sections 32-345 and 32-346, as amended by this act:

(1) "Business-led consortium" means a coalition or other group of entities, related by contractual or other arrangements, that (A) includes at least one Connecticut business and may include other businesses and nonprofit or public institutions, and (B) is led by a business for the purpose of technology development or commercialization;

(2) "Corporation" means Connecticut Innovations, Incorporated, as created under section 32-35;

(3) "Small business" means a corporation, limited liability company, partnership, sole proprietorship or individual, operating a business for profit, which employs five hundred or fewer employees, including employees employed in any subsidiary or affiliated corporation;

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(4) "Small business innovation research program" means the federal program established pursuant to the Small Business Innovation Development Act of 1982 (P.L. 97-219), as amended, which provides funds to small businesses to conduct innovative research which has potential commercial applications;

(5) "Small business technology transfer program" means the federal program established pursuant to the Small Business Research and Development Enhancement Act of 1992 (P.L. 102-564), as amended, which provides funds to small businesses that collaborate with nonprofit research institutions to conduct innovative research which has potential commercial applications;

(6) "Federal technology support program" means any program now or hereafter established by the government of the United States of America or any agency or instrumentality thereof, other than the small business innovation research program and small business technology transfer program that (A) is authorized to provide funding support for projects undertaken by businesses and business-led consortia for the development or commercialization of advanced technologies, including without limitation technologies applied or applicable to national defense, and (B) requires recipients to furnish a portion of the funds necessary to carry out such activities;

(7) "Micro business" means a business entity, including its affiliates, that (A) is independently owned and operated, and (B) employs fewer than fifty full-time employees or has gross annual sales of less than five million dollars.

Sec. 7. Section 32-345 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2006*):

(a) The corporation shall establish a Connecticut [technology partnership] development research and economic assistance matching

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grant program, within available appropriations and, for the purposes of providing financial aid, as defined in subdivision (4) of section 32-34, to assist: (1) Connecticut small businesses in conducting marketing-related activities to facilitate commercialization of research projects funded under the small business innovation research program or the small business technology transfer program; [and] (2) business-led consortia or Connecticut businesses in connection with their participation in a federal technology support program; and (3) micro businesses, in conducting development and research.

(b) Applications shall be submitted to the corporation at such times and on such forms as the corporation may prescribe. Each such application shall include the following: (1) The location of the principal place of business of the applicant; (2) an explanation of the intended use of the funding being applied for, the potential market for the end product of the [technology] project and the marketing strategy; and (3) such other information that the corporation deems necessary. Information contained in any such application submitted to the corporation under this section which is of a proprietary nature shall be exempt from the provisions of subsection (a) of section 1-210, as amended.

(c) In determining whether an applicant shall be selected for funding pursuant to this section, the corporation shall consider, but such consideration need not be limited to, the following factors: (1) The description of the small business innovation research project, the small business technology transfer project or the federally-supported technology project and the potential commercial applicability of such project; (2) evidence of satisfactory participation in the applicable small business innovation research program, the small business technology transfer program or the federal technology support program; (3) the potential impact of such research project on the workforce in the region where such small business is located; (4) the size of the potential

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market, strength of the marketing strategy, and ability of the applicant to execute the strategy and successfully commercialize the end product; and (5) the resources and record of success of the company relative to development and commercialization. Within the availability of funds, the corporation may provide financial aid to eligible applicants provided no business may receive more than fifty thousand dollars for any single small business innovation research project or small business technology transfer project. The corporation may require a business to repay such assistance or pay a multiple of the assistance to the corporation. All such repayments and payments shall be deposited in the Connecticut technology partnership assistance program revolving account established under section 32-346.

(d) The corporation shall establish a development, research and economic assistance matching financial aid program for micro businesses that have received federal funds for Phase II proposals under the small business innovation research program and the small business technology transfer program. Any micro business receiving financial aid under this subsection shall use such financial aid for the same purpose such micro business was awarded said federal funds.

[[d]] (e) The corporation shall adopt written procedures, in accordance with the provisions of section 1-121, to carry out the provisions of this section.

Sec. 8. (NEW) (*Effective July 1, 2006*) (a) There is established an Office of the Business Advocate. The Governor, with the approval of the General Assembly, shall appoint a person with knowledge of the characteristics and needs of businesses and the resources provided by state, federal, quasi-governmental and other organizations that are available to businesses. Such person shall be qualified by training and experience to perform the duties of the office as set forth in this section. The person appointed the Business Advocate shall serve for a term of four years and may be reappointed or shall continue to hold office

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until such person's successor is appointed and qualified, or until removed as provided in section 16-5 of the general statutes.

(b) The Office of the Business Advocate shall be in the Office of Policy and Management for administrative purposes only.

(c) The Business Advocate may, within available funds, appoint such staff as may be deemed necessary. The duties of the staff may include the duties and powers of the Business Advocate if performed under the direction of the Business Advocate.

(d) The General Assembly may annually appropriate such sums as necessary for the payment of the salaries of the staff and for the payment of office expenses and other actual expenses incurred by the Business Advocate in the performance of such advocate's duties.

(e) The Business Advocate shall annually submit to the Governor and the chairpersons of the joint standing committees of the General Assembly having cognizance of matters relating to commerce and finance, revenue and bonding, in accordance with the provisions of section 11-4a of the general statutes, a detailed report analyzing the work of the Office of the Business Advocate, including a list of businesses and the services provided to them by such office.

(f) The Business Advocate shall (1) serve as an information clearinghouse for various public and private programs available to assist businesses, and (2) identify specific micro businesses, as defined in section 32-344 of the general statutes, as amended by this act, whose growth and success could benefit from state or private assistance and contact such small businesses in order to (A) identify their needs, (B) provide information about public and private programs for meeting such needs, including, but not limited to, technical assistance, job training and financial assistance, and (C) arrange for the provision of such assistance to such businesses.

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Sec. 9. Section 12-81 of the 2006 supplement to the general statutes is amended by adding subdivision (76) as follows (*Effective July 1, 2006*):

(NEW) (76) Effective for assessment years commencing on or after October 1, 2011, new machinery and equipment or newly-acquired machinery and equipment, including machinery and equipment used in connection with biotechnology. For purposes of this subdivision, "machinery" and "equipment", and "biotechnology" shall have the same meaning as in subdivision (72) of this section, as amended by this act. Any person claiming the exemption provided under this subdivision shall not be eligible to claim the exemption provided under subdivision (60) or (70) of this section for the same machinery and equipment.

Sec. 10. Subparagraph (A) of subdivision (72) of section 12-81 of the 2006 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2006, and applicable to assessment years commencing on or after October 1, 2006*):

(72) (A) Effective for assessment years commencing on or after October 1, 2002, but prior to assessment years commencing on or after October 1, 2011, new machinery and equipment, as defined in this subdivision, acquired after October 1, 1990, and prior to October 1, 2011, and newly-acquired machinery and equipment, as defined in this subdivision, acquired on or after July 1, 1992, and prior to October 1, 2011, by the person claiming exemption under this subdivision, provided this exemption shall only be applicable in the five full assessment years following the assessment year in which such machinery or equipment is acquired, subject to the provisions of subparagraph (B) of this subdivision. Machinery and equipment acquired on or after July 1, 1996, and prior to October 1, 2011, and used in connection with biotechnology shall qualify for the exemption under this subsection. For the purposes of this subdivision: (i) "Machinery" and "equipment" means tangible personal property which

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is installed in a manufacturing facility and claimed on the owner's federal income tax return as either five-year property or seven-year property, as those terms are defined in Section 168(e) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, and the predominant use of which is for manufacturing, processing or fabricating; for research and development, including experimental or laboratory research and development, design or engineering directly related to manufacturing; for the significant servicing, overhauling or rebuilding of machinery and equipment for industrial use or the significant overhauling or rebuilding of other products on a factory basis; for measuring or testing or for metal finishing; or used in the production of motion pictures, video and sound recordings. "Machinery" means the basic machine itself, including all of its component parts and contrivances such as belts, pulleys, shafts, moving parts, operating structures and all equipment or devices used or required to control, regulate or operate the machinery, including, without limitation, computers and data processing equipment, together with all replacement and repair parts therefor, whether purchased separately or in conjunction with a complete machine, and regardless of whether the machine or component parts thereof are assembled by the taxpayer or another party. "Equipment" means any device separate from machinery but essential to a manufacturing, processing or fabricating process. (ii) "Manufacturing facility" means that portion of a plant, building or other real property improvement used for manufacturing, processing or fabricating, for research and development, including experimental or laboratory research and development, design or engineering directly related to manufacturing, for the significant servicing, overhauling or rebuilding of machinery and equipment for industrial use or the significant overhauling or rebuilding of other products on a factory basis, for measuring or testing or for metal finishing. (iii) "Manufacturing" means the activity of converting or conditioning tangible personal property by changing

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the form, composition, quality or character of the property for ultimate sale at retail or use in the manufacturing of a product to be ultimately sold at retail. Changing the quality of property shall include any substantial overhaul of the property that results in a significantly greater service life than such property would have had in the absence of such overhaul or with significantly greater functionality within the original service life of the property, beyond merely restoring the original functionality for the balance of the original service life. (iv) "Fabricating" means to make, build, create, produce or assemble components or tangible personal property work in a new or different manner, but does not include the presorting, sorting, coding, folding, stuffing or delivery of direct or indirect mail distribution services. (v) "Processing" means the physical application of the materials and labor in a manufacturing process necessary to modify or change the characteristics of tangible personal property. (vi) "Measuring or testing" includes both nondestructive and destructive measuring or testing, and the alignment and calibration of machinery, equipment and tools, in the furtherance of the manufacturing, processing or fabricating of tangible personal property. (vii) "Biotechnology" means the application of technologies, including recombinant DNA techniques, biochemistry, molecular and cellular biology, genetics and genetic engineering, biological cell fusion techniques, and new bioprocesses, using living organisms, or parts of organisms, to produce or modify products, to improve plants or animals, to develop microorganisms for specific uses, to identify targets for small molecule pharmaceutical development, or to transform biological systems into useful processes and products.

Sec. 11. Section 12-63 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2006*):

(a) The present true and actual value of land classified as farm land pursuant to section 12-107c, as amended, as forest land pursuant to

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section 12-107d, as amended, or as open space land pursuant to section 12-107e, as amended, shall be based upon its current use without regard to neighborhood land use of a more intensive nature, provided in no event shall the present true and actual value of open space land be less than it would be if such open space land comprised a part of a tract or tracts of land classified as farm land pursuant to section 12-107c, as amended. The present true and actual value of all other property shall be deemed by all assessors and boards of assessment appeals to be the fair market value thereof and not its value at a forced or auction sale.

(b) (1) For the purposes of this subsection, (A) "electronic data processing equipment" means computers, printers, peripheral computer equipment, bundled software and any computer-based equipment acting as a computer, as defined in Section 168 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended; (B) "leased personal property" means tangible personal property which is the subject of a written or oral lease or loan on the assessment date, or any such property which has been so leased or loaned by the then current owner of such property for three or more of the twelve months preceding such assessment date; and (C) "original selling price" means the price at which tangible personal property is most frequently sold in the year that it was manufactured.

(2) Any municipality may, by ordinance, adopt the provisions of this subsection to be applicable for the assessment year commencing October first of the assessment year in which a revaluation of all real property required pursuant to section 12-62 is performed in such municipality, and for each assessment year thereafter. If so adopted, the present true and actual value of tangible personal property, other than motor vehicles, shall be determined in accordance with the provisions of this subsection. If such property is purchased, its true

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and actual value shall be established in relation to the cost of its acquisition, including transportation and installation, and shall reflect depreciation in accordance with the schedules set forth in subdivisions (3) to (6), inclusive, of this subsection. If such property is developed and produced by the owner of such property for a purpose other than wholesale or retail sale or lease, its true and actual value shall be established in relation to its cost of development, production and installation and shall reflect depreciation in accordance with the schedules provided in subdivisions (3) to (6), inclusive, of this subsection. The provisions of this subsection shall not apply to property owned by a public service company, as defined in section 16-1, as amended.

(3) The following schedule of depreciation shall be applicable with respect to electronic data processing equipment:

(A) Group I: Computer and peripheral hardware, including, but not limited to, personal computers, workstations, terminals, storage devices, printers, scanners, computer peripherals and networking equipment:

Assessment Year Following Acquisition	Depreciated Value As Percentage Of Acquisition Cost Basis
First year	Seventy per cent
Second year	Forty per cent
Third year	Twenty per cent
Fourth year and thereafter	Ten per cent

(B) Group II: Other hardware, including, but not limited to, mini-frame and main-frame systems with an acquisition cost of more than twenty-five thousand dollars.

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Assessment Year Following Acquisition	Depreciated Value As Percentage Of Acquisition Cost Basis
First year	Ninety per cent
Second year	Sixty per cent
Third year	Forty per cent
Fourth year	Twenty per cent
Fifth year and thereafter	Ten per cent

(4) The following schedule of depreciation shall be applicable with respect to copiers, facsimile machines, medical testing equipment, and any similar type of equipment that is not specifically defined as electronic data processing equipment, but is considered by the assessor to be technologically advanced:

Assessment Year Following Acquisition	Depreciated Value As Percentage Of Acquisition Cost Basis
First year	Ninety-five per cent
Second year	Eighty per cent
Third year	Sixty per cent
Fourth year	Forty per cent
Fifth year and thereafter	Twenty per cent

(5) The following schedule of depreciation shall be applicable with respect to machinery and equipment used in the manufacturing process:

Assessment Year Following Acquisition	Depreciated Value As Percentage Of Acquisition Cost Basis
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First year	Ninety per cent
Second year	Eighty per cent
Third year	Seventy per cent
Fourth year	Sixty per cent
Fifth year	Fifty per cent
Sixth year	Forty per cent
Seventh year	Thirty per cent
Eighth year and thereafter	Twenty per cent

(6) The following schedule of depreciation shall be applicable with respect to all tangible personal property other than that described in subdivisions (3) to (5), inclusive, of this subsection:

Assessment Year Following Acquisition	Depreciated Value As Percentage Of Acquisition Cost Basis
First year	Ninety-five per cent
Second year	Ninety per cent
Third year	Eighty per cent
Fourth year	Seventy per cent
Fifth year	Sixty per cent
Sixth year	Fifty per cent
Seventh year	Forty per cent
Eighth year and thereafter	Thirty per cent

(7) The present true and actual value of leased personal property shall be determined in accordance with the provisions of this subdivision. Such value for any assessment year shall be established in relation to the original selling price for self-manufactured property or acquisition cost for acquired property and shall reflect depreciation in accordance with the schedules provided in subdivisions (3) to (6), inclusive, of this subsection. If the assessor is unable to determine the

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original selling price of leased personal property, the present true and actual value thereof shall be its current selling price.

(8) With respect to any personal property which is prohibited by law from being sold, the present true and actual value of such property shall be established with respect to such property's original manufactured cost increased by a ratio the numerator of which is the total proceeds from the manufacturer's salable equipment sold and the denominator of which is the total cost of the manufacturer's salable equipment sold. Such value shall then be depreciated in accordance with the appropriate schedule in this subsection.

(9) The schedules of depreciation set forth in subdivisions (3) to (6), inclusive, of this subsection shall not be used with respect to videotapes, horses or other taxable livestock or electric cogenerating equipment.

(10) If the assessor determines that the value of any item of personal property produced by the application of the schedules set forth in this subsection does not accurately reflect the present true and actual value of such item, the assessor shall adjust such value to reflect the present true and actual value of such item.

(11) Nothing in this subsection shall prevent any taxpayer from appealing any assessment made pursuant to this subsection if such assessment does not accurately reflect the present true and actual value of any item of such taxpayer's personal property.

(c) (1) For the assessment years commencing October 1, 2006, October 1, 2007, October 1, 2008, October 1, 2009, October 1, 2010, and October 1, 2011, the annual declaration of tangible personal property that a taxpayer files with the assessor of the town, shall be accompanied by a supplement to said declaration on which the taxpayer shall provide the following information for machinery and

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equipment eligible for a grant pursuant to section 12-94b, as amended by this act, or section 13 of this act: (A) The assessment year during which such property was acquired and installed; (B) the original cost of acquisition for such property, including charges for such property's transportation and installation; (C) the value of such property depreciated in accordance with the schedule provided by the assessor; (D) the total of the original cost of acquisition for all such property; and (E) the total depreciated value of such property for all such property. The assessor shall provide a declaration of tangible personal property declaration, together with such to supplement, to the owner of each manufacturing facility, as defined in subparagraph (a) of subdivision (72) of section 12-81 of the 2006 supplement to the general statutes, and to the owner of each facility engaged in biotechnology, as defined in said subparagraph.

(2) For the assessment years commencing October 1, 2006, October 1, 2007, October 1, 2008, October 1, 2009, October 1, 2010, and October 1, 2011, the assessor of each town shall determine the depreciated value of machinery and equipment, for the purposes of this section, section 12-94b, as amended by this act, and section 13 of this act, in accordance with the method said assessor used to determine the depreciated value of the same or similar machinery and equipment for the assessment year commencing October 1, 2005. The supplement to the declaration of tangible personal property the assessor provides, pursuant to subdivision (1) of this subsection, for the assessment year commencing October 1, 2006, shall not reflect an alteration of the depreciation schedule that would result in an assessment increase for any such property, over the assessment of such property for the assessment year commencing October 1, 2005, and the supplement to such declaration the assessor provides for the assessment years commencing October 1, 2007, October 1, 2008, October 1, 2009, October 1, 2010, and October 1, 2011, shall not reflect an alteration of the depreciation schedule that would result in an assessment increase for

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any such property, over the assessment of such property for the preceding assessment year.

Sec. 12. Section 12-94b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2006*):

(a) As used in this section, "municipality" means each town, city, borough, consolidated town and city and consolidated town and borough and each district, as defined in section 7-324, and "next succeeding" means the second such date.

(b) On or before March fifteenth, annually, commencing March 15, 1998, the assessor or board of assessors of each municipality shall certify to the Secretary of the Office of Policy and Management, on a form furnished by said secretary, the amount of exemptions approved under the provisions of [subdivisions (72) and] subdivision (74) of section 12-81, as amended, together with such supporting information as said secretary may require including the number of taxpayers with approved claims under said [subdivisions (72) and] subdivision (74) and the original copy of the applications filed by them. Said secretary shall review each such claim as provided in section 12-120b. Not later than December first next succeeding the conclusion of the assessment year for which the assessor approved such exemption, the secretary shall notify each claimant of the modification or denial of the claimant's exemption, in accordance with the procedure set forth in section 12-120b. Any claimant aggrieved by the results of the secretary's review shall have the rights of appeal as set forth in section 12-120b. With respect to property first approved for exemption under the provisions of [subdivisions (72) and] subdivision (74) of section 12-81, as amended, for the assessment years commencing on or after October 1, 2000, the grant payable for such property to any municipality under the provisions of this [section] subsection shall be equal to eighty per cent of the property taxes which, except for the exemption under the provisions of [subdivisions (72) and] subdivision

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(74) of section 12-81, as amended, would have been paid. The secretary shall, on or before December fifteenth, annually, certify to the Comptroller the amount due each municipality under the provisions of this [section] subsection, including any modification of such claim made prior to December first, and the Comptroller shall draw an order on the Treasurer on or before the twenty-fourth day of December following and the Treasurer shall pay the amount thereof to such municipality on or before the thirty-first day of December following. If any modification is made as the result of the provisions of this [section] subsection on or after the December fifteenth following the date on which the assessor has provided the amount of the exemption in question, any adjustments to the amount due to any municipality for the period for which such modification was made shall be made in the next payment the Treasurer shall make to such municipality pursuant to this [section] subsection. The amount of the grant payable to each municipality in any year in accordance with this [section] subsection shall be reduced proportionately in the event that the total of such grants in such year exceeds the amount appropriated for the purposes of this [section] subsection with respect to such year. [As used in this section, "municipality" means each town, city, borough, consolidated town and city and consolidated town and borough and each district, as defined in section 7-324, and "next succeeding" means the second such date.]

(c) On or before March fifteenth, annually, commencing March 15, 2007, and ending March 15, 2011, the assessor or board of assessors of each municipality shall certify to the Secretary of the Office of Policy and Management, on a form furnished by said secretary, the amount of exemptions approved under the provisions of subdivision (72) of section 12-81, as amended, together with such supporting information as said secretary may require including the number of taxpayers with approved claims under said subdivision (72) and the original copy of the applications filed by them. Said secretary shall review each such

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claim as provided in section 12-120b. Not later than December first next succeeding the conclusion of the assessment year for which the assessor approved such exemption, the secretary shall notify each claimant of the modification or denial of the claimant's exemption, in accordance with the procedure set forth in section 12-120b. Any claimant aggrieved by the results of the secretary's review shall have the rights of appeal as set forth in section 12-120b. With respect to property first approved for exemption under the provisions of subdivision (72) of section 12-81, as amended, for the assessment years commencing on or after October 1, 2000, but prior to October 1, 2010, the grant payable for such property to any municipality under the provisions of this subsection shall be equal to eighty per cent of the property taxes which, except for the exemption under the provisions of subdivision (72) of section 12-81, as amended, would have been paid. The secretary shall, on or before December fifteenth, annually, certify to the Comptroller the amount due each municipality under the provisions of this subsection, including any modification of such claim made prior to December first, and the Comptroller shall draw an order on the Treasurer on or before the twenty-fourth day of December following and the Treasurer shall pay the amount thereof to such municipality on or before the thirty-first day of December following. If any modification is made as the result of the provisions of this subsection on or after the December fifteenth following the date on which the assessor has provided the amount of the exemption in question, any adjustments to the amount due to any municipality for the period for which such modification was made shall be made in the next payment the Treasurer shall make to such municipality pursuant to this subsection.

Sec. 13. (NEW) (*Effective July 1, 2006, and applicable to assessment years commencing on and after October 1, 2006*) (a) For purposes of this section, (1) "machinery" and "equipment" shall have the same meaning as in subdivision (72) of section 12-81 of the 2006 supplement to the general

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statutes, as amended by this act, and (2) "municipality" means each town, city, borough, consolidated town and city and consolidated town and borough and each district, as defined in section 7-324 of the general statutes.

(b) The state shall provide a payment to each municipality representing a percentage of the property tax due on machinery and equipment, when such machinery and equipment is not receiving a payment in lieu of taxes pursuant to section 12-94b of the general statutes, as amended by this act. The taxpayer shall continue to be responsible for the remainder of the property tax. For all such machinery and equipment, the state shall pay to the municipality (1) for the assessment year commencing October 1, 2006, twenty per cent of the property tax due, and the taxpayer shall pay eighty per cent; (2) for the assessment year commencing October 1, 2007, forty per cent of the property tax due, and the taxpayer shall pay sixty per cent; (3) for the assessment year commencing October 1, 2008, sixty per cent of the property tax due, and the taxpayer shall pay forty per cent; (4) for the assessment year commencing October 1, 2009, eighty per cent of the property tax due, and the taxpayer shall pay twenty per cent; and (5) for the assessment year commencing October 1, 2010, one hundred per cent of the property tax due.

(c) Municipalities receiving a payment in lieu of taxes for machinery and equipment pursuant to subdivision (72) of section 12-81 of the 2006 supplement to the general statutes, as amended by this act, and section 12-94b of the general statutes, as amended by this act, and section 12-94c of the general statutes, shall continue to receive such payment for five years from the date such machinery and equipment became eligible to receive such payment. As such machinery and equipment ceases to be eligible for such payment, the state shall pay a percentage of the property tax due to the municipality, in accordance with the following schedules:

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(1) For machinery and equipment first included in a payment in lieu of taxes made pursuant to section 12-94b of the general statutes, as amended by this act, for assessment years commencing October 1, 2002, the state shall make a payment in lieu of taxes to the municipality for the assessment year commencing October 1, 2006. For the assessment year commencing October 1, 2007, the state shall provide a payment to each municipality representing a percentage of the property tax due on such machinery and equipment. The taxpayer shall continue to be responsible for the remainder of the property tax. The state shall pay to the municipality (A) for the assessment year commencing October 1, 2007, forty per cent of the property tax due, and the taxpayer shall pay sixty per cent; (B) for the assessment year commencing October 1, 2008, sixty per cent of the property tax due, and the taxpayer shall pay forty per cent; (C) for the assessment year commencing October 1, 2009, eighty per cent of the property tax due, and the taxpayer shall pay twenty per cent; and (D) for the assessment year commencing October 1, 2010, one hundred per cent of the property tax due.

(2) For machinery and equipment first included in a payment in lieu of taxes made pursuant to section 12-94b of the general statutes, as amended by this act, for assessment years commencing October 1, 2003, the state shall make a payment in lieu of taxes to the municipality for the assessment years commencing October 1, 2006, and October 1, 2007. For the assessment year commencing October 1, 2008, the state shall provide a payment to each municipality representing a percentage of the property tax due on such machinery and equipment. The taxpayer shall continue to be responsible for the remainder of the property tax. The state shall pay to the municipality (A) for the assessment year commencing October 1, 2008, sixty per cent of the property tax due, and the taxpayer shall pay forty per cent; (B) for the assessment year commencing October 1, 2009, eighty per cent of the property tax due, and the taxpayer shall pay twenty per cent; and (C)

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for the assessment year commencing October 1, 2010, one hundred per cent of the property tax due.

(3) For machinery and equipment first included in a payment in lieu of taxes made pursuant to section 12-94b of the general statutes, as amended by this act, for assessment years commencing October 1, 2004, the state shall make a payment in lieu of taxes to the municipality for the assessment years commencing October 1, 2006, October 1, 2007, and October 1, 2008. For the assessment year commencing October 1, 2009, the state shall provide a payment to each municipality representing a percentage of the property tax due on such machinery and equipment. The taxpayer shall continue to be responsible for the remainder of the property tax. The state shall pay to the town (A) for the assessment year commencing October 1, 2009, eighty per cent of the property tax due, and the taxpayer shall pay twenty per cent; and (B) for the assessment year commencing October 1, 2010, one hundred per cent of the property tax due.

(4) For machinery and equipment first included in a payment in lieu of taxes made pursuant to section 12-94b of the general statutes, as amended by this act, for assessment years commencing October 1, 2005, the state shall make a payment in lieu of taxes to the municipality for the assessment years commencing October 1, 2006, October 1, 2007, October 1, 2008, and October 1, 2009. For the assessment year commencing October 1, 2010, the state shall provide a payment to each municipality representing one hundred per cent of the property tax due on such machinery and equipment.

(d) On or before November fifteenth, annually, commencing November 15, 2006, the assessor or board of assessors of each municipality shall certify to the Secretary of the Office of Policy and Management, on a form furnished by said secretary, the amount of property tax due on all machinery and equipment located in such municipality that is no longer eligible for the payment in lieu of taxes

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pursuant to section 12-94b of the general statutes, as amended by this act. The depreciation schedule required pursuant to section 12-63 of the general statutes, as amended by this act, shall apply to all such machinery and equipment. The secretary shall, on or before thirty days prior to the date such tax is due to the municipality, certify to the Comptroller the amount due to each town under the provisions of this section. The Comptroller shall draw an order on the Treasurer on or before fourteen days prior to the date such tax is due to the municipality, and the Treasurer shall pay such amount to such town on or before five days prior to the date such tax is due to the municipality. If for any reason any modification is made to the amount of tax due, any adjustments to the tax due to any municipality for the period for which such modification was made shall be made in the next payment the Treasurer shall make to such municipality pursuant to this section.

(e) All municipal valuation and enforcement procedures pursuant to chapters 203, 204 and 205 of the general statutes shall continue to apply to machinery and equipment covered by this section. The assessment of any machinery and equipment for which a state payment is being made pursuant to this section may be appealed by the taxpayer in the same manner in which any taxpayer may appeal an assessment to the board of assessment appeals pursuant to chapter 203 of the general statutes.

Sec. 14. (NEW) (*Effective July 1, 2006, and applicable to assessment years commencing on or after October 1, 2006*) (a) As used in this section, "machinery" and "equipment" shall have the same meaning as in subdivision (72) of section 12-81, of the 2006 supplement to the general statutes, as amended by this act, and "municipality" means each town, city, borough, consolidated town and city and consolidated town and borough and each district, as defined in section 7-324 of the general statutes.

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(b) Not later than January 1, 2013, the Secretary of the Office of Policy and Management shall determine the amount due to each municipality in the state, in accordance with this subsection, as a state grant in lieu of taxes with respect to manufacturing machinery or equipment. The grant payable to any municipality under the provisions of this section in the state fiscal year commencing July 1, 2013, and in each fiscal year thereafter, shall be equal to one hundred per cent of the property taxes which, except for the exemption provided pursuant to subdivision (72) of section 12-81 of the 2006 supplement to the general statutes, as amended by this act, would have been paid with respect to such machinery and equipment on the assessment list in such municipality for the assessment year commencing October 1, 2011.

Sec. 15. (NEW) (*Effective July 1, 2006*) (a) There is established an "Engineering Connecticut" Loan Reimbursement Grant program, administered by the Department of Higher Education, for persons who have graduated from institutions of higher education with undergraduate or graduate degrees in engineering.

(b) Within available appropriations, the program shall provide student loan reimbursement grants for persons who (1) attended any institution of higher education, (2) have been awarded an undergraduate or graduate degree in engineering, and (3) are newly employed in Connecticut on or after January 1, 2006, as engineers.

(c) Persons who qualify under subsection (b) of this section shall be reimbursed on an annual basis for qualifying student loan payments in amounts as determined by the Commissioner of Higher Education. A person qualifying under subsection (b) of this section shall only be reimbursed for loan payments made while such person is employed in the state as an engineer. The Department of Higher Education shall develop eligibility requirements for recipients of such reimbursements. Such requirements may include income guidelines. Persons may apply

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for grants to the Department of Higher Education at such time and in such manner as the Commissioner of Higher Education prescribes.

(d) Any unexpended funds appropriated for purposes of this section shall not lapse at the end of the fiscal year but shall be available for expenditure during the next fiscal year.

(e) The Department of Higher Education may use up to two per cent of the funds appropriated for purposes of this section for program administration, promotion and recruitment activities.

Sec. 16. (NEW) (*Effective July 1, 2006*) (a) There is established a "You Belong" Loan Reimbursement Grant program, administered by the Department of Higher Education, for graduates of doctoral programs who are employed in Connecticut in economically valuable fields.

(b) Within available appropriations, the program shall provide student loan reimbursement grants for persons who (1) have been awarded a doctoral degree from any institution of higher education, and (2) are newly employed in Connecticut in an economically valuable field, as determined by the Department of Economic and Community Development, on or after January 1, 2006, by a company or an institution of higher education that has registered with or otherwise been qualified under the program by the Department of Economic and Community Development.

(c) Persons who qualify under subsection (b) of this section shall receive reimbursement grants on an annual basis for qualifying student loan payments in amounts as determined by the Commissioner of Higher Education. A person qualifying under subsection (b) of this section shall only be reimbursed for loan payments made while such person is employed in Connecticut by a qualifying company or in research at an institution of higher education in an economically valuable field. The Department of Higher

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Education shall develop eligibility requirements for recipients of such reimbursement grants in consultation with the Department of Economic and Community Development. Such requirements may include income guidelines. Persons may apply for grants to the Department of Higher Education at such time and in such manner as the Commissioner of Higher Education prescribes.

(d) Any unexpended funds appropriated for purposes of this section shall not lapse at the end of the fiscal year but shall be available for expenditure during the next fiscal year.

(e) The Department of Higher Education may use up to two per cent of the funds appropriated for purposes of this section for program administration, promotion and recruitment activities.

Sec. 17. (NEW) (*Effective July 1, 2006*) The Department of Education shall establish, within available appropriations, a high school mathematics and science challenge pilot program, which uses student performance results for mathematics and science on the state-wide tenth grade mastery examination given in accordance with the provisions of section 10-14n of the 2006 supplement to the general statutes, to design and implement mathematics and science curricula for students in the eleventh grade in the public high schools, including regional vocational-technical schools. For purposes of the program, the Commissioner of Education may award grants to local and regional boards of education and regional vocational-technical schools for demonstration projects. Local and regional boards of education and regional vocational-technical schools seeking to participate in the pilot program shall apply to the department at such time and in such manner as the commissioner prescribes. The commissioner shall select a diverse group of participants based on the population, geographic location and economic characteristics of the school district or regional vocational-technical school. Local and regional board of educations and regional vocational-technical schools awarded grants under the

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program shall use grant funds for expenses for developing and implementing an instructional program in the mathematics and science subject areas targeting students who did not meet or exceed the level of proficiency in mathematics or science on such state-wide tenth grade mastery examination, and conduct an evaluation of the program, including an analysis of student testing performance before and after participation in the program.

Sec. 18. (NEW) (*Effective July 1, 2006*) The Department of Education shall establish, within available appropriations, a "Generation Next" pilot program to provide industry-based job shadowing and internship experiences to high school students and externship experiences to teachers in the public schools, including the regional vocational-technical schools. The Commissioner of Education, for purposes of the program, may award grants to local and regional boards of education, regional vocational-technical schools or state-wide or local business associations, in partnership with such boards of education or schools, for demonstration projects. Boards of education, vocational-technical schools or business associations seeking to participate in the pilot program shall apply to the department at such time and in such form as the commissioner prescribes. The commissioner shall select a diverse group of participants based on the population, geographic location and economic characteristics of the school district or school. Local and regional boards of education, regional vocational-technical schools or business associations awarded grants under the program shall use grant funds for developing and implementing a coordinated high school level teacher externship and student job shadowing and internship program with science or mathematics or with technology intensive businesses in the state.

Sec. 19. (NEW) (*Effective July 1, 2006*) The Department of Education shall establish, within available appropriations, a "Future Scholars" pilot matching grant program for public schools participating in

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externally funded programs that provide supplemental mathematics and science programming and instruction to students in grades eight to ten, inclusive, who scored above the level of basic and below the level of proficiency on the mastery examinations given during the previous year in accordance with the provisions of section 10-14n of the 2006 supplement to the general statutes. The Commissioner of Education, for purposes of the program, may award grants to local and regional boards of education and regional vocational-technical schools for demonstration projects. Boards of education and vocational-technical schools seeking to participate in the pilot program shall apply to the department at such time and in such form as the commissioner prescribes. The commissioner shall select participants based on the quality of proposed programs and evidence of commitment by businesses supporting the project. Local and regional boards of education and regional vocational-technical schools awarded grants under the program shall use grant funds for development and implementation of an interdisciplinary mathematics, science and technology curriculum, including the establishment and staffing of mathematics and science laboratories, in middle and high schools that have demonstrated support and involvement by local or state-wide mathematics, science or technology intensive businesses in the state.

Sec. 20. (NEW) (*Effective July 1, 2006, and applicable to income years commencing on or after January 1, 2006*) (a) As used in this section:

(1) "Commissioner" means the Commissioner of Revenue Services.

(2) "Commission" means the Connecticut Commission on Culture and Tourism.

(3) "Qualified production" means the process of producing any type of entertainment content which shall include motion pictures; documentaries; long-form, specials, mini-series, series, music videos and interstitials television programming; interactive television;

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interactive games; videogames; commercials; infomercials; any format of digital media created primarily for distribution or exhibition to the general public; and any trailer, pilot, video teaser or demo created primarily to stimulate the sale, marketing, promotion or exploitation of future investment in either a product or a qualified production via any means and media in any digital media format, film or videotape, provided such program meets all the underlying criteria of a qualified production. "Qualified production" shall not include (A) any ongoing program created primarily as news, weather or financial market reports, except for an initial pilot, demo or prototype presentation or informational series programming relating to any qualified production, or (B) any production containing obscene material or performances for which records are required to be maintained with respect to any performer in such production pursuant to 18 USC 2257.

(4) "Eligible production company" means a corporation, partnership, limited liability company, or other business entity engaged in the business of producing qualified productions on a one-time or ongoing basis, and qualified by the Secretary of the State to engage in business in the state.

(5) "Production expenses or costs" means all cash expenditures clearly and demonstrably incurred in the state in the development, preproduction, production or postproduction costs of a qualified production, including:

(A) Expenditures for optioning or purchase of any intellectual property including, but not limited to, books, scripts, music or trademarks relating to the development or purchase of a script, screenplay or format, provided (i) the holder of the intellectual property is either a company authorized to do business in the state or an individual who is a resident of the state, (ii) seventy-five per cent of the qualified production based on such intellectual property is produced in the state, and (iii) the production expenses or costs for

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such optioning or purchase are less than thirty-five per cent of the actual cash expenditures within the budget allocated for the production of the qualified production in the state. Such expenses or costs shall include all expenditures generally associated with the optioning or purchase of intellectual property, including option money, agent fees and attorney fees relating to the transaction, but shall not include any and all deferrals, deferments, royalties, profit participation or recourse or nonrecourse loans which the eligible production company may negotiate in order to obtain the rights to the intellectual property;

(B) Expenditures in the form of either compensation or purchases paid directly to individuals or companies authorized to do business in the state, including production work, production equipment, production software, postproduction work, postproduction equipment, postproduction software, set design, set construction, props, lighting, wardrobe, makeup, makeup accessories, special effects, visual effects, audio effects, film processing, music, sound mixing, editing, location fees, soundstages and any and all other costs or services directly incurred in the state in connection with a state-certified qualified production;

(C) Expenditures for distribution, including preproduction, production or postproduction costs relating to the creation of trailers, marketing videos, commercials, point-of-purchase videos and any and all content created on film or digital media, including the duplication of films, videos, CDs, DVDs and any and all digital files now in existence and those yet to be created for mass consumer consumption; the purchase, by a company in the state, of any and all equipment relating to the duplication or mass market distribution of any content from within the state by any digital media format which is now in use and those formats yet to be created for mass consumer consumption;

(D) Any other production expense or cost as may be determined by

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the commission; and

(E) "Production expenses or costs" does not include the following: (A) Compensation paid to Connecticut resident employees and independent contractors for services rendered in connection with a qualified production; (B) media buys, promotional events or gifts or public relations associated with the promotion or marketing of any qualified production; (C) deferred, leveraged or profit participation costs relating to any and all personnel associated with any and all aspects of the production, including, but not limited to, producer fees, director fees, talent fees and writer fees; (D) costs relating to the transfer of the production tax credits; and (E) any amounts paid to persons or businesses as a result of their participation in profits from the exploitation of the qualified production.

(6) "State-certified qualified production" means a qualified production produced by an eligible production company that (A) is in compliance with regulations adopted pursuant to subsection (f) of this section, (B) is authorized to conduct business in this state, and (C) has been approved by the commission as qualifying for a production tax credit under this section.

(b) The Connecticut Commission on Culture and Tourism shall allow an eligible production company producing a qualified production in Connecticut to receive a production tax credit against the tax imposed under chapter 208 of the general statutes as follows: (1) For a qualified production incurring fifty thousand dollars to one million dollars, inclusive, of production expenses or costs, a credit of twenty-five per cent of such costs, and (2) for a qualified production incurring over one million dollars of production expenses or costs, a credit of thirty per cent of such costs. Any credit allowed pursuant to this subsection shall be applied within three years of issuance and may be sold, assigned or otherwise transferred, in whole or in part, to one or more taxpayers.

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(c) The Connecticut Commission on Culture and Tourism shall allow an eligible production company producing a qualified production in Connecticut to receive a wage tax credit against the tax imposed under chapter 208 of the general statutes as follows: For a qualified production, a credit equal to twenty-five per cent of the compensation paid to Connecticut resident employees and independent contractors for services rendered in connection with a qualified production, provided the amount of compensation to a single employee or independent contractor that is over one million dollars shall not be included in the amount of compensation paid for purposes of this subsection. Any wage tax credit allowed under this subsection shall be nonrefundable, nontransferable, may be carried forward for a period of three years from the date such credit is authorized, and may not exceed the tax liability of the eligible production company in the year in which such credit is applied.

(d) (1) An eligible production company shall apply to the commission for an eligibility certificate not later than ninety days after the first production expenses or costs are incurred in the production of a qualified production, and shall provide with such application such information as the commission may require to determine such company's eligibility to claim a credit under this section.

(2) Not later than ninety days after the last production expenses or costs are incurred in the production of a qualified production, an eligible production company shall apply to the commission for a production or wage tax credit certificate, and shall provide with such application such information as the commission may require pertaining to the amount of the company's production expenses or costs. If the commission determines that the company is eligible to be issued a production or wage tax credit certificate, the commission shall enter on the certificate the amount of production expenses or costs or wages that has been established to the satisfaction of the commission,

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and the amount of the company's credit or credits under this section. The commission shall provide a copy of such certificate to the commissioner, upon request.

(e) The production or wage tax credit allowed under this section shall be against the actual tax imposed under chapter 208 of the general statutes for the income year in which final certification for the state-certified qualified production is made by the commission pursuant to this section. Any such credit not applied in any year may be carried forward and used to offset income tax in the succeeding three years, except where otherwise noted. Any production or wage tax credit allowed under this section shall not be used to reduce any taxpayer's liability to less than zero.

(f) The commissioner, in consultation with the commission, may adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, as may be necessary for the administration of this section.

Sec. 21. (*Effective July 1, 2006*) Any funds appropriated to the Labor Department for incumbent worker training programs shall be administered by regional workforce development boards.

Approved May 1, 2006